



## Asset Management Policy

**A. Capital Assets.** Capital assets include land, land improvements, buildings, building improvements, machinery, equipment, infrastructure and all other assets that are used in operations and that have initial useful lives extending beyond one year. Infrastructure is defined as long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets.

A capitalization threshold is the cost established by the City that must be met or exceeded for an asset to be recorded and depreciated as a capital asset. The City has established the threshold of an initial, individual cost of more than \$5,000.

All capital assets are valued at historical cost, or estimated historical cost, if actual cost is not available. Donated capital assets are valued at their estimated fair market value at the time received.

Estimated useful lives are determined based on the City's own experience. Useful lives will be reviewed periodically for unusual or changing situations that alter an asset's useful life. The following useful lives will be used for capital assets:

<u>Capital Asset Type</u>	<u>Estimated Useful Life</u>
Land improvements	10 – 15 years
Buildings & improvements	50 – 75 years
Machinery & equipment	5 – 20 years
Vehicles	5 – 20 years
Infrastructure	20 – 50 years
Utility structures in service	50 – 75 years

**B. Controlled Capital-type Assets.** The custodial departments shall maintain inventory records for assets that have initial useful lives extending beyond one year and a cost greater than \$500, if such assets fall within the following categories:

1. Assets that require special attention to ensure legal compliance (i.e. assets acquired through grants or contracts).
2. Assets that require special attention to protect safety and avoid potential liability (i.e. police weapons).
3. Assets that require special attention to compensate for heightened risk of theft. Such assets are easily transportable, readily marketable or easily diverted for personal use (i.e. small equipment and tools).



- C. Safeguarding of Assets.** The City's capital and controlled capital-type assets will be reasonably safeguarded and will be used only for an appropriate public purpose. Responsibility for the safeguarding of those assets rests with the department head to whose department the asset is assigned.
  
- D. Periodic Inventory.** Each department will conduct a periodic inventory of capital assets and controlled capital-type assets.